

IPART FINAL DECISIONS ON CITYRAIL AND SYDNEY FERRIES FARES

Wednesday 28 November 2012 under embargo until 11.30am

The Independent Pricing and Regulatory Tribunal (IPART) today released its final reports and determinations on CityRail and Sydney Ferries fares from January 2013.

The final decisions recommend maximum fare increases in January 2013 of up to 3.6% on average for CityRail and 4.8% on average for Sydney Ferries. The recommended increases are slightly lower than those proposed in the draft reports due to using an updated cost of capital that reflects current market conditions.

IPART Chairman, Dr Peter Boxall, said that while the NSW Government has previously indicated that fares for public transport will increase by no more than inflation until service quality improves, IPART is continuing to recommend real fare increases to strike the appropriate balance between passenger revenue and taxpayer subsidies of public transport.

“We consider that taxpayers should fund a share of the efficient costs that is broadly equal to the value of the external benefits,” Dr Boxall said. “This value represents the level of taxpayer subsidy that can be justified on economic grounds.”

Dr Boxall said limiting increases to inflation only would lead to an additional taxpayer subsidy of approximately \$62 million over the next 3 years. This is on top of the taxpayer subsidy for CityRail and Sydney Ferries costs that are in excess of best practice.

Unlike previous determinations, the final determinations for CityRail and Sydney Ferries set a maximum average increase in fares, rather than maximum prices for individual fares and tickets. IPART has chosen this ‘price cap’ approach to provide the NSW Government with greater flexibility as it introduces the Opal card, Sydney’s public transport e-ticket, over the next few years. It means the Government can choose to increase some fares by more and others by less, provided the overall increase in fares is no more than the average determined by IPART.

The final determinations set fares for the next three years for CityRail and the next 4 years for Sydney Ferries. Under the determinations, CityRail fares would be allowed to increase by a further 3.8% per year from 2014 to 2015 and Sydney Ferries fares by a further 5.0% per year from 2014 to 2016.¹

The final reports Review of fares for CityRail’s services from January 2013 and Review of fares for Sydney Ferries services from January 2013 are available on IPART’s website <<http://www.ipart.nsw.gov.au>>.

For further information, contact:

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¹ Based on a forecast inflation rate of 2.5% per year.